

Decision 19-06-009 June 13, 2019

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of San Diego Gas & Electric Company (U902E) for Approval of (i) Contract Administration, Least-Cost Dispatch and Power Procurement Activities in 2017, (ii) Costs Related to those Activities Recorded to the Energy Resource Recovery Account and Transition Cost Balancing Account in 2017 and (iii) Costs Recorded in Related Regulatory Accounts in 2017.

Application 18-06-002

DECISION APPROVING APPLICATION OF SAN DIEGO GAS & ELECTRIC COMPANY'S CONTRACT ADMINISTRATION, COSTS RELATED TO THE ACTIVITIES RECORDED TO THE ENERGY RESOURCE RECOVERY ACCOUNT AND LOCAL GENERATION BALANCING ACCOUNT AND COSTS RECORDED IN RELATED REGULATORY ACCOUNTS IN 2017

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DECISION APPROVING APPLICATION OF SAN DIEGO GAS & ELECTRIC COMPANY'S CONTRACT ADMINISTRATION, COSTS RELATED TO THE ACTIVITIES RECORDED TO THE ENERGY RESOURCE RECOVERY ACCOUNT AND LOCAL GENERATION BALANCING ACCOUNT AND COSTS RECORDED IN RELATED REGULATORY ACCOUNTS IN 2017

Summary

This Decision approves the application of San Diego Gas & Electric Company (SDG&E) for review and approval of: (i) contract administration, least-cost dispatch and power procurement activities in 2017, (ii) costs related to those activities recorded to the Energy Resource Recovery Account (ERRA), Transition Cost Balancing Account (TCBA) and Local Generation Balancing Account (LGBA) in 2017 and (iii) costs recorded in related regulatory accounts in 2017, including New Environmental Regulatory Balancing Account (NERBA); Independent Evaluator Memorandum Account (IEMA); the Litigation Cost Memorandum Account (LCMA), the Green Tariff Marketing Education & Outreach Memorandum Account (GTME&OMA); the Green Tariff Shared Renewables Administrative Cost Memorandum Account (GTSRACMA); the Enhanced community Renewable ME&O Memorandum Account (ECRME&OMA); and the Renewables Portfolio Standard Cost Memorandum Account (RPSCMA). SDG&E is not seeking a cost recovery or a rate change at this time for any of these costs. With respect to SDG&E's LGBA, SDG&E is deferring cost recovery of this account's undercollection to SDG&E's next-filed ERRA Forecast Proceeding.

Application 18-06-002 is closed.

1. Background

The Commission established the Energy Resource Recovery Account (ERRA) balancing account mechanism in Decision (D.) 02-10-062 to track fuel and purchased power billed revenues against actual recorded costs of these

items. In the same decision, the Commission required regulated electric utilities in California to establish a fuel and purchased power revenue requirement forecast, a trigger mechanism, and a schedule for annual ERRA applications. Subsequent decisions regarding the ERRA balancing account adopted minimum standards of conducts regulated energy utilities must follow in performing their procurement responsibilities and have also established the standard of a compliance review as opposed to a reasonableness review of the matters. An ERRA compliance review examines whether a utility has complied with all applicable rules, regulations, decisions, and laws in implementing the most recently approved applicable Long-Term Procurement Plan, including prudently administering contracts, ensuring least-cost dispatch, and managing procurement activities.¹

On June 1, 2018, San Diego Gas & Electric Company (SDG&E) filed Application (A.) 18-06-002 requesting a compliance review and Commission approval of its contract administration, least-cost dispatch and power procurement activities from January 1, 2017 through December 31, 2017 (Record Period); and costs related to activities recorded in its ERRA balancing account, transition cost balancing account, local generation balancing account and related regulatory accounts during the Record Period. The Public Advocates Office timely filed a protest to SDG&E's application.

The assigned Administrative Law Judge (ALJ) presided over a prehearing conference with parties on September 17, 2018. On October 15, 2018, the assigned Commissioner issued the Assigned Commissioner's Scoping Memo and Ruling (Scoping Memo), which established the scope and schedule for the

¹ Public Utilities Code Section 454.

proceeding. SDG&E and the Public Advocates Office are the only parties in A.18-06-002.

The parties informed the ALJ that there were no issues of material fact that necessitated a hearing. Accordingly, the ALJ took the scheduled hearings off calendar. The parties also informed the ALJ that there were no issues that needed to be briefed and requested that the matter proceed straight to a decision.

On February 19, 2019, SDG&E filed a motion to admit prepared testimony and appendices into evidence and a motion to seal a portion of the evidentiary record. The Public Advocates Office filed its motion to admit testimony and seal a portion of the evidentiary record on February 21, 2019.

2. Overview of SDG&E's Application

SDG&E requests review and approval of its ERRA application. The scope of compliance review includes utility retained electric generation (URG) fuel expenses, contract administration, California Independent System Operator (CAISO)-related costs, existing qualified facilities (QF) contracts, other power purchase agreements, and economic dispatch of electric generation resources (including Miramar, Palomar, Desert Star Energy Center (Desert Star), Cuyamaca, Escondido and El Cajon Battery Energy Storage System (BESS) and Ramona Solar Energy Project. The Commission's annual compliance review focuses on prudent contract administration, least-cost dispatch and URG fuel procurement activities.

SDG&E is not seeking a cost recovery or rate change at this time for costs recorded to regulatory accounts and requests to defer cost recovery of the total undercollection of its Local Generation Balancing Account (LGBA), as described below, to its next-filed ERRA Forecast proceeding, which is expected to be filed on April 15, 2019.

SDG&E contends its costs and expenses recorded to the ERRA during 2017 are appropriate, correctly stated and recoverable in accordance with applicable Commission policy and decisions. SDG&E explains that its ERRA revenue requirement includes recovery of energy and ancillary services load charges, contract costs, generation fuel costs, CAISO-related costs, hedging costs and previously approved equity rebalancing costs related to the financial statement consolidation of the Otay Mesa Energy Center (OMEC). The ERRA also includes: a) in lieu payments to communities where SDG&E is transporting its own gas through its own gas transmission or distribution system, or both; and b) revenues from SDG&E's electric energy commodity cost rate schedules, non-fuel generation revenues, and other Commission-approved accounts. SDG&E submits that the ERRA balance as of December 31, 2017 was approximately a \$51.3 million undercollection.²

As part of its ERRA application, SDG&E also requests review and approval of the entries in its Transition Cost Balancing Account (TCBA). The costs recovered in this account relate to the above-market portion of certain qualified facilities and purchase power costs eligible for recovery pursuant to Assembly Bill 1890 and includes the revenues received from SDG&E's Competition Transition Charge rate. SDG&E submits that the balance for the Transition Cost Balancing Account as of December 31, 2017 was approximately a \$1.76 million overcollection.³

SDG&E requests review and approval of the entries in its Local Generation Balancing Account, where SDG&E records the costs and revenues for generation subject to the cost allocation mechanism. SDG&E submits that the balance for

² Application at 6.

³ Application at 6.

the Local Generation Balancing Account was approximately a \$14.4 million undercollection but requests the Commission permit the undercollection activity to be recovered in SDG&E's ERRA Forecast Application, for 2020 A.19-04-010, or its next Annual Electric Regulatory Account Update filing.⁴ SDG&E also requests that the Commission find the transactions reflected in the Local Generation Balancing Account to be in compliance with Commission directives.

SDG&E records the operating and maintenance and capital-related costs associated with certain federal and state environmental programs in the New Environmental Regulatory Balancing Account (NERBA). SDG&E requests review and approval of the entries made during the Record Period, during which time SDG&E submits that the balance was approximately a \$0.419 million undercollection.⁵ SDG&E is not requesting authorization to include the 2017 balance of \$0.049 million in rates as SDG&E is experiencing fluctuations in expenses which may offset the undercollection, and activity in this account has been minimal.⁶

SDG&E records third-party costs associated with the use of independent evaluators in its Independent Evaluator Memorandum Account (IEMA). Independent evaluators are used in SDG&E's long-term procurement activities and Renewable Portfolio Standard programs. The disposition of the IEMA, as approved in SDG&E's tariff, requires SDG&E to seek recovery of the balance in its ERRA proceeding. In D.11-10-029, SDG&E was authorized to transfer the balance in SDG&E's IEMA to the ERRA on an annual basis. SDG&E transferred the IEMA 2017 activity undercollection balance of \$0.3 million to the ERRA.

⁴ Application at 6.

⁵ Application at 7.

⁶ Application at 7.

SDG&E is requesting confirmation in this Application that the amounts transferred from IEMA to ERRRA during 2017 are in compliance with applicable Commission decisions.

SDG&E's Litigation Cost Memorandum Account (LCMA) tracks the differences between incurred litigation costs and settlement proceeds received. SDG&E submits that, as of December 31, 2017, the balance of the account was a \$0.043 million undercollection.⁷ However, SDG&E does not request recovery of the undercollection due to pending litigation cases. Once SDG&E has closed all LCMA related litigation, it will evaluate and execute next steps.

SDG&E uses its Green Tariff Marketing Education and Outreach Memorandum Account (GTME&OMA) to record the difference between the revenues collected through the Green Tariff Marketing Education and Outreach charge and the ongoing incremental marketing education and outreach cost incurred to implement the Green Tariff Shared Renewables program. SDG&E submits that this account had costs and interests totaling \$0.26 million.⁸ SDG&E requests the Commission find the recorded entries appropriate and compliant with Commission directives.

The purpose of the SDG&E Green Tariff Shared Renewables Administrative Cost Memorandum Account (GTSRACMA) is to record the difference between the revenues collected through the Green Tariff Shared Renewables administrative charge and the initial and ongoing incremental administrative costs incurred to implement the Green Tariff Shared Renewables program. SDG&E submits that the account "had current activity and interest of

⁷ Application at 9.

⁸ Application at 9. (*See also*, Attachment G.)

\$0.4 million with a balance of \$2.1 million.”⁹ SDG&E requests the Commission find the recorded entries appropriate and compliant with Commission directives.

SDG&E’s Enhanced Community Renewable Marketing Education and Outreach Memorandum Account (ECRME&OMA) records the difference between the revenues collected through the Enhanced Community Renewable Marketing Education and Outreach charge and the initial and ongoing incremental marketing education and outreach costs incurred to implement the Green Tariff Shared Renewables program. The program includes a green tariff option and an enhanced community renewables option. Marketing, education and outreach costs for the enhanced community renewables options are also recorded in this account. SDG&E submits that the activity and interest and the ending balance is equal to \$0.003 million.¹⁰ SDG&E requests the Commission find the recorded entries in this account appropriate and compliant with Commission directives.

SDG&E records costs related to consulting work for the renewable portfolio standard in the Renewable Portfolio Standard Cost Memorandum Account (RPSCMA). SDG&E contends that in 2017 it incurred approximately \$400 in interest. SDG&E requests the Commission find the recorded entries appropriate and compliant with Commission directives.¹¹

3. Overview of Public Advocates Office’s Protest

In its protest, the Public Advocates Office stated that it anticipated the following issues to arise in its review of SDG&E’s application:

⁹ Application at 9.

¹⁰ Application at 10.

¹¹ Application at 10.

- Whether SDG&E administered and managed its own generation facilities prudently with respect to Standard of Conduct No. 4;¹²
- Whether SDG&E administered and managed its qualifying facilities and non-qualifying facilities' contracts in accordance with the contract provisions and otherwise followed Commission guidelines relating to those contracts and their amendments, including Standard of Conduct No. 4;
- Whether SDG&E used the most cost-effective mix of total resources under its control and achieved least-cost dispatch of its energy resources pursuant to Standard of Conduct No. 4;
- Whether the entries in the ERRA are reasonable including entries made in the Transition Cost Balancing Account, Local Generation Balancing Account, New Environmental Regulatory Balancing Account, Independent Evaluator Memorandum Account, Litigation Cost Memorandum Account, Green Tariff Marketing Education and Outreach Memorandum Account, Green Tariff Shared Renewables Administrative Cost Memorandum Account, Enhanced Community Renewable Marketing Education and Outreach Memorandum Account, and Renewable Portfolio Standard Cost Memorandum Account;
- Whether SDG&E administered its demand response programs to minimize costs to its ratepayers;
- Whether SDG&E's Greenhouse Gas Compliance Instrument procurement complied with its Conformed Bundled Procurement Plan, and was consistent with Commission and state policies and laws; and

¹² Standard of Conduct No. 4 states that, "The utilities shall prudently administer all contracts and generation resources and dispatch the energy in a least-cost manner." The Commission ordered all utilities to comply with minimum standards of conduct, including Standard of Conduct No. 4 in D.02-10-062, also known as the October Decision.

- Whether the entries in SDG&E's Greenhouse Gas ERRAs account are accurate, and whether SDG&E met its burden of proof regarding its claim for these entries.

These issues encapsulate the scope of issues for this proceeding.

4. Overview of Proceeding

With its application, SDG&E submitted opening testimony of Joseph Pasquito, Khoang T. Ngo, Daniel L. Sullivan, Ana Garza-Beutz and Carl S. LaPeter. SDG&E's testimony demonstrates, in 2017, SDG&E complied with its Commission-approved electric procurement plans, all relevant contract terms and conditions, Standard of Conduct Number 4 and applicable Commission decisions. The direct testimony also shows the accuracy and reasonableness of SDG&E's 2017 ERRAs, TCBA, LGBA, NERBA, IEMA, LCMA, GTME&OMA, GTSRACMA, ECRME&OMA and RPSCMA accounting entries.

The Public Advocates Office submitted its testimony on November 1, 2018 and SDG&E submitted rebuttal testimony on December 13, 2018. Based upon the issues raised in the Public Advocates testimony, SDG&E made certain changes in its testimony.

On January 8, 2019, the parties notified the ALJ that there were no issues of material fact that would require hearings. Accordingly, hearings were removed from calendar. On January 14, 2019, the parties informed the ALJ via e-mail that the "parties' testimony and associated documents sufficiently capture their respective positions" and that there are no issues that need to be briefed by the parties.¹³ Also on January 14, 2019, counsel for the Public Advocates Office notified the ALJ by email that the Public Advocates Office does not recommend any disallowances in this proceeding.¹⁴

¹³ E-mail from SDG&E counsel to ALJ Kelly on January 14, 2019.

¹⁴ Reply e-mail to SDG&E's counsel email from counsel for Public Advocates Office.

4.1. Management of Utility-Owned Generation Facilities and Reportable Outages

Based on SDG&E's required showing the Public Advocates Office selected three forced outages for further review and analysis.¹⁵ After evaluating the data provided by SDG&E, the Public Advocates Office concluded that the downtime was reasonable and that no disallowances were recommended.¹⁶ Being that no party objects and based upon our own analysis of the data, we find that SDG&E operated and maintained its utility-owned generation facilities in a reasonable and prudent manner consistent with good utility practice and the Commission's reasonable manager standards.

These are discussed in succession below.

4.2. Least-Cost Dispatch and Demand Response

The Public Advocates Office analyzed SDG&E's Least-Cost Dispatch and Demand Response testimony as follows: the accuracy of SDG&E's overall forecasting accuracy and load bid calculations, dispatch and thermal resources, dispatch of hydro resources and dispatch of demand response programs.¹⁷

4.2.1. Forecasting Accuracy

The Public Advocates Office raised no objections to SDG&E's forecasting accuracy but indicated "two to four years of data is not sufficient ... to determine whether SDG&E met its burden of proof in demonstrating that its price forecasting systems are as accurate and robust as they can be."¹⁸

¹⁵ SDG&E Rebuttal Testimony of Lapeter at 1. The utility owned generation outages selected were the September 6, 2017, December 17, 2017 and December 27, 2017 outages at SDG&E's Miramar Energy Facility 1 (MEF1).

¹⁶ Public Advocates Testimony at 3 and Reply E-mail from the Public Advocates Office.

¹⁷ Public Advocates Testimony at 2-6.

¹⁸ Public Advocates Testimony at 2.

To help resolve this issue, SDG&E, in its settlement with the Public Advocates Office regarding the 2016 Record Period ERRA Compliance

A.17-06-006, agreed to:

Review the public version of [Pacific Gas and Electric's] [(PG&E)] independent consultant's report agreed upon in the PG&E Record Period 2014 ERRA Compliance Review settlement between ORA¹⁹ and PG&E. SDG&E and ORA will discuss whether a similar study would be beneficial for SDG&E, and if so, determine the manner by which such a study would be proposed by SDG&E in its next ERRA Compliance proceeding.²⁰

Per the settlement agreement, SDG&E received the public version of PG&E's study entitled, "Independent Review of PG&E's Load and Price Forecasting Processes and Performance," dated June 8, 2018.²¹ SDG&E had a 30-day discussion period beginning the date that SDG&E received the study.

SDG&E evaluated the study to determine if a similar study would be helpful to SDG&E. After evaluating the study and engaging in discussions with the Public Advocates Office, SDG&E agrees to pursue a similar study certain to certain terms agreed upon by SDG&E and the Public Advocates Office.²²

4.2.2. Load Bid Calculation

The Public Advocates Office states that a high proportion of load cleared in the day-ahead market, which indicates that SDG&E has forecasted and procured sufficient energy resources relative to consumer demand, and appropriately calculated the value of its resources and translated these values

¹⁹ ORA has subsequently been renamed the Public Advocates Office. At the time D.18-10-006 was issued, it was called ORA.

²⁰ D.18-10-006 Appendix A at PDF at 6.

²¹ Public Advocates Testimony at 2.

²² See, SDG&E Rebuttal Testimony of Pasquito, Section III at 7 for the agreed upon terms.

into bids that allow the resources to be economically dispatched²³. In its rebuttal testimony, SDG&E agreed with the assessment of the Public Advocates Office.²⁴

4.2.3. Management of Thermal Resources

Public Advocates Office noted that SDG&E has demonstrated that it managed its thermal resources prudently and in compliance with least-cost dispatch principles.²⁵ Based upon our own review of the evidence, we find that SDG&E managed its thermal resources prudently and in compliance with least cost dispatch.

4.2.4. Management of Hydro Resources

The Public Advocates Office notes in its testimony that SDG&E has demonstrated that it is bidding Lake Hodges for dispatch according to least cost dispatch principles, generating energy during times when the price and value of energy is high and pumping when prices are low.²⁶ We find this conclusion to be reasonable.

4.2.5. Management of Dispatchable Renewable Resources

The Public Advocates Office notes in its testimony that “[a]s renewable resources become more prevalent in California’s energy market, they also become more versatile.”²⁷ Public Advocates goes on to state that “SDG&E does not presently report renewable economic curtailment activity, nor is it an explicit requirement under D.15-05-005. However, as California strives to reach its goal for 100% renewable penetration, management of renewable resources has

²³ Public Advocates Testimony at 2-10 and 11.

²⁴ SDG&E Rebuttal Testimony of Pasquito at 3.

²⁵ Public Advocates Testimony at 2-2.

²⁶ *Id.*

²⁷ *Id.* at 2-20.

become an increasingly relevant issue.”²⁸ To address some of these issues, the Public Advocates Office recommends that the Commission organize a joint utility workshop in which SDG&E, PG&E and Southern California Edison (SCE) develop standardized renewable reporting methodologies, updating current least-cost dispatch requirements.²⁹

SDG&E notes in its rebuttal testimony that the Public Advocates recommendation regrading “renewables” is based, for the first time as far as SDG&E is aware, on assertions that have not been previously in the record of an SDG&E proceeding.³⁰ SDG&E asserts that this recommendation is outside the scope of this proceeding and that the Public Advocates Office has failed to explain why this new issue should be included in the ERRA compliance cases when it previously has not been.³¹

SDG&E asserts that it is supportive of Commission-recognized processes to entertain a clearly defined proposal, and that they will participate in the workshop if it is convened. However, SDG&E believes that it is incumbent on the Public Advocates Office to provide advance notice to all impacted parties and organize and lead the workshop.³²

We agree that such a workshop may be beneficial. However, we decline to use this proceeding as the venue for such a workshop since this proceeding is specific to SDG&E. The Public Advocates Office should reach out to the Commission’s Energy Division to explore the idea of a workshop with PG&E,

²⁸ *Id.* at 2:20-21.

²⁹ *Id.* at 2-21.

³⁰ SDG&E Rebuttal Testimony of Pasquito at 5.

³¹ *Id.*

³² *Id.*

SDG&E, and SCE or organize its own meeting with the three electric investor owned utilities regarding development of standardized renewable reporting methodologies.

4.2.6. Management of Demand Response Programs

The Public Advocates Office states in its testimony that SDG&E has “implemented the Public Advocates Office’s recommendation from previous Record Period ERRRA proceeding and has improved its DR program dispatch and reporting. The Public Advocates Office is satisfied that SDG&E has managed and administered its demand response programs according to least-cost dispatch principles.”³³ Based upon our review of the evidence, we agree.

4.3. Greenhouse Gas (GHG) Compliance Instrument Procurement and Costs

The Public Advocates Office is satisfied that SDG&E procured GHG compliance instruments in accordance with approved GHG Procurement Plan within its Bundled Procurement Plan (BPP).³⁴ Additionally, the Public Advocates Office states that it “does not object to SDG&E’s reported GHG compliance costs in its Review of Operations for the 2017 Record Year. Based upon our review of the evidence, we agree.

4.4. Contract Administration

Based upon the information provided to the Public Advocates Office and the statutory requirements for the Energy Resource Recovery Accounts, the Public Advocates Office does not object to SDG&E’s contract administration or

³³ Public Advocated Testimony 2-24.

³⁴ *Id.* at 4-2.

dispute resolution activities that happened during the 2017 Record Period.³⁵

Based upon our review of the evidence, we agree.

4.5. Compliance Review of the Energy Resource Recovery Account and Other Balancing Memorandum Accounts

The Public Advocates Office reviewed SDG&E's Energy Resource Recovery Account and nine other balancing and memorandum accounts for the Record Period January 1, 2017 through December 31, 2017.³⁶ The Public Advocates Office notes that SDG&E requests in its application that the Commission find that the transactions recorded to the ERRA, TCBA and LGBA during the record period are appropriate, correctly stated, complied with Commission directives and as such are recoverable. Additionally, SDG&E requests that the Commission find the transactions recorded to the NERBA Assembly Bill (AB) 32 electric subaccount, IEMA, LCMA, GTME&OMA, GTSRACMA, ECRME&OMA and the RPSCMA during the period recorded are appropriate, correctly stated and complied with Commission directives.

The December 31, 2017 ending balance in the ERRA account is approximately an under collection of \$51.3 million³⁷ The TCBA records eligible above-market power costs and revenues received from SDG&E's CTC rate. The TCBA balance at the conclusion of 2017 was (\$1,761,711). The purpose of the LGBA is to record revenues and costs of generation, where the Commission has determined that the resource is subject to a cost allocation mechanism. The balance in the LGBA is currently an under collection that SDG&E will request recovery for in its 2020 ERRA Forecast Application.

³⁵ *Id* at 5-2.

³⁶ *Id.* at 6-1.

³⁷ *Id.* at 6-2 and 3.

The NERBA records actual costs against revenue requirements for administrative fees charged by the California Air Resources Board (CARB), which are authorized as recoverable under AB 32. The NERBA balance at the conclusion of 2017 resulted in a \$0.049 million undercollection. SDG&E is not requesting authorization to refund this undercollection in rates at this time as the small amount is expected to be offset by fluctuations in account expenses.

The purpose of the IMEA is to record third-party costs associated with the use of Independent Evaluators (IE) in the utilities long-term procurement activities and Renewables Portfolio Standard (RPS) programs. Pursuant to D.11-10-029, SDG&E transferred the IEMA 2017 undercollection of \$0.3 million to ERRA.

The LCMA was established by SDG&E in 2004 to record litigation costs associated with refunds resulting from the energy crisis in October 2000 through January 2001. The LCMA tracks the difference between incurred litigation costs and settlement proceeds received. The balance of the LCMA as December 31, 2017 was an undercollection of \$0.043 million. SDG&E is not requesting authorization to recover the undercollection balance of the LCMA in this proceeding due to pending litigation cases and because the appropriate vehicle for requesting recovery is through a separate filing.

Pursuant to D.15-01-051, the purpose of the GTME&OMA is to record the difference between the revenues collected through the GT-ME&O Charge and the initial and ongoing incremental ME&O costs incurred to implement the Green Tariff Shared Renewables Program (GTSRP). The balance in the TME&OMA as of December 31, 2017 was \$0.26 million.³⁸

³⁸ *Id.* at 6-8.

Pursuant to D.15-01-051, the purpose of the GTSRACMA is to record the difference between the revenues collected through the GTSR Administrative Charge and the ongoing incremental administrative costs incurred to implement the Green Tariff Shared Renewable Program. The balance as of December 31, 2017 in the GTSRACMA was \$2.1 million.

Pursuant to D.15-01-051, the purpose of the ECRME&OMA is to record the difference between the revenues collected through the ECR-ME&O Charge and the initial and ongoing incremental ME&O costs incurred to implement GTSRP. The balance in the ECRME&OMA as of December 31, 2017 was \$0.003 million.

Pursuant to D.06-10-050, the purpose of the RPSCMA is to record certain consulting work associated with the Renewable Portfolio Standard program. The balance of the RPSCMA as of December 31, 2017 was \$0.04 million.³⁹

4.6. Discussion

Based on the evidentiary record, we find that SDG&E has prudently administered and dispatched its utility-owned generation resources and portfolio of contracts, including Miramar, Palomar, Desert Star, Cuyamaca, power purchase agreements, qualifying facilities, non-qualifying facilities, and renewable energy resources, in compliance with SDG&E's Commission-approved procurement plan. Further, we find the entries and costs recorded in the ERRA and other accounts contained herein are appropriate and correctly stated. We also find SDG&E's procurement of greenhouse gas compliance instruments during the Record Year consistent with Commission directives.

There being no other issues to resolve, this proceeding is closed.

³⁹ *Id.* at 6-10.

5. Other Procedural Matters

5.1. Change in Determination of Need for Hearings

In Resolution ALJ 176-3418, dated June 21, 2018, the Commission preliminarily categorized A.18-06-002 as ratesetting, and preliminarily determined that hearings were necessary. In the Scoping Memo, the assigned Commissioner scheduled evidentiary hearings, although eventually it was determined that hearings were not necessary. Given that no hearings were held in the current proceeding, we change the preliminary and Scoping Memo determination regarding hearings, to no hearings necessary.

5.2. Compliance with the Authority Granted Herein

In order to implement the authority granted herein, SDG&E must file a Tier One Advice Letter within 30 days of the date of this decision. The tariff sheets filed in these Advice Letters shall be effective on or after the date filed, subject to the Commission's Energy Division determining they are in compliance with this decision.

5.3. Motion to Admit Testimony

Since evidentiary hearings were not held in A.18-06-002, there was no opportunity to enter prepared testimony and exhibits into the record. In order to fairly assess the record, it is necessary to include all testimony and exhibits served by SDG&E. In its motion of February 19, 2019, SDG&E requested, pursuant to Rule 13.8 of the Commission's Rules of Practice and Procedure,⁴⁰ that the Commission receive the public and confidential version of its Exhibits into the record of A.18-06-002. Therefore, we identify the public and confidential

⁴⁰ For the remainder of this decision all reference to Rules refer to the Commission's Rules of Practice and Procedure.

versions of SDG&E's supporting testimony as Exhibits SDG&E-1, -2, -3, -4, 5, -6, and -7⁴¹ and Exhibits SDG&E-1C, -2C, -3C, and -4C⁴². Given the necessity of SDG&E's testimony to our assessment of the proposals put forth, we admit into evidence the public and confidential versions of SDG&E's Exhibits mentioned above.

In its motion dated February 21, 2019, the Public Advocates Office also requested that the Commission receive the public and confidential version of its Exhibits into the record of this proceeding. Therefore, we identify the public and confidential version of the Public Advocates Office's supporting testimony as Public Advocates Office -1 and Public Advocates Office -1C.⁴³

5.4. Motion to Seal

SDG&E has submitted public and confidential versions of its testimony. Pursuant to Rule 11.5, D.06-06-066 and D.08-04-023 SDG&E filed a motion requesting that the confidential supplemental information be filed under seal. Pursuant to Rule 11.5, portions of the record of a proceeding (such as served testimony) may be sealed.

⁴¹ Exhibit SDG&E-1 – Direct Testimony of Ana Garza Beutz; SDG&E-2 Direct Testimony of Khoang T. Ngo; SDG&E-3 Direct Testimony of Joseph Pasquito; SDG&E-4 – Direct Testimony of Daniel L. Sullivan; and SDG&E-5 Corrected Testimony of Carl S. LaPeter; Exhibit SDG&E-6 Prepared Rebuttal Testimony of Carl S. LaPeter; SDG&E-7 Prepared Rebuttal Testimony of Joseph Pasquito; and SDG&E-8 SDG&E's Response to the Public Advocates Office Data Request #6 dated October 24, 2018.

⁴² Exhibit SDG&E-1C – Direct Testimony of Ana Garza Beutz; SDG&E-2C - Direct Testimony of Khoang T. Ngo; SDG&E-3C - Direct Testimony of Joseph Pasquito; and SDG&E-4C – Direct Testimony of Daniel L. Sullivan.

⁴³ Exhibit Public Advocates 1 and 1C were submitted on November 1, 2018 and is titled *Testimony on San Diego Gas & Electric Company's Application for Compliance Review of Utility Owned Generation Operations, Electric Energy Resource Recovery Account Entries, Contract Administration, Economic Dispatch of Electric Resources, Utility Retained Generation Fuel Procurement, and other Activities for the Period January 1 through December 31, 2017.*

The information referenced in the motion to file under seal and the information contained in the testimony filed under seal constitute confidential and market sensitive material and include information that falls under categories in the Confidentiality Matrix of D.06-06-066.

We grant confidential treatment of and seal (as detailed in the ordering paragraphs herein) Exhibits SDG&E-1C, -2C, -3C, and -4C, submitted with SDG&E's Application and updated rebuttal testimony. The documents placed under seal shall remain under seal for the applicable period of time set forth in the Confidentiality Matrix in D.06-06-066.

The Public Advocates Office also submitted a motion to file public and confidential versions of its testimony, citing the same confidentiality matrix and decisions as set forth by SDG&E. We grant confidential treatment of and seal (as detailed in the ordering paragraphs herein) Exhibits Public Advocates Office – 1C, submitted with the Pubic Advocates testimony. The documents placed under seal shall remain under seal for the applicable period of time set forth in the Confidentiality Matrix in D.06-06-066.

6. Comments on Proposed Decision

The proposed decision of ALJ Gerald F. Kelly in this matter was mailed to the parties in accordance with Section 311 of the Public Utilities Code and comments were allowed under Rule 14.3 of the Commission's Rules of Practice and Procedure. No Comments were received.

7. Assignment of Proceeding

Martha Guzman Aceves is the assigned Commissioner and Gerald F. Kelly is the assigned ALJ in this proceeding.

Findings of Fact

1. SDG&E has prudently administered and dispatched its utility-owned generation resources and portfolio of contracts, including Miramar, Palomar, Desert Star, Cuyamaca, power purchase agreements, qualifying facilities, non-qualifying facilities, renewable energy resources, in compliance with SDG&E's Commission-approved procurement plan.

2. The entries and costs recorded in the ERRA and other accounts contained herein are appropriate and correctly stated.

3. SDG&E's procurement of greenhouse gas compliance instruments during the Record Year is consistent with Commission directives.

4. The issue of cost recovery of the undercollection in SDG&E's Local Generation Balancing Account will be addressed in SDG&E next ERRA Forecast application.

5. It is reasonable to require SDG&E to pursue consideration of cost recovery of the undercollection in its Local Generation Balancing Account in its ERRA Forecast application proceeding for Record Year 2020 rather than in its next Annual Electric Regulatory Account Update Filing.

6. SDG&E and the Public Advocates Office requested the admittance of its exhibits into evidence pursuant to Rule 13.8.

7. Pursuant to D.06-06-066 and D.08-04-023, as well as Rule 11.5, SDG&E and the Public Advocates Office requested the sealing of and confidential treatment of selected exhibits.

8. Rule 11.5 addresses sealing all or part of an evidentiary record; and D.06-06-066 and D.08-04-023 addresses our practices regarding confidential information, such as electric procurement data (that may be market sensitive) submitted to the Commission.

9. An evidentiary hearing was scheduled but determined to be not necessary.

Conclusions of Law

1. The Commission should require SDG&E to pursue consideration of cost recovery of the undercollection in its Local Generation Balancing Account in its ERRRA Forecast Proceeding for Record Year 2020.

2. The preliminary Scoping Memo determinations regarding hearings should be changed to no hearings required.

3. The Commission should require SDG&E to file a Tier One Advice Letter within thirty days of the issuance of this decision to implement the authority granted in this decision.

4. SDG&E's and the Public Advocates' request to treat selected versions of its testimony as confidential should be granted, as detailed herein.

5. SDG&E's and the Public Advocates' request to receive testimony into the record, should be granted, as detailed herein.

6. Exhibits SDG&E-1C, -2C, -3C, and -4C submitted with SDG&E's application should be sealed and treated confidentially. The documents placed under seal should remain under seal for the applicable period of time set forth in the Confidentiality Matrix in D.06-06-066 and D. 08-04-023.

7. Exhibit Public Advocates Office – 1C submitted by the Public Advocates Office should be sealed and treated confidentially. The documents placed under seal should remain under seal for the applicable period of time set forth in the Confidentiality Matrix in D.06-06-066 and D. 08-04-023.

8. All rulings issued by the assigned Commissioner and ALJ should be affirmed herein; and all motions not specifically addressed herein or previously addressed by the assigned Commissioner or ALJ, should be denied.

O R D E R

IT IS ORDERED that:

1. The Application of San Diego Gas & Electric Company, Application 18-06-002, is approved consistent with the terms set forth in this decision.
2. San Diego Gas & Electric Company shall pursue consideration of cost recovery of the undercollections in its Local Generation Balancing Account in its Energy Resource Recovery Account Forecast Application 19-04-010 for record period 2020.
3. The determination in Resolution ALJ 176-3418, dated June 21, 2018 and the Assigned Commissioner's Scoping Memo and Ruling that hearings were necessary, is revised to hearings are not required.
4. No later than 30 days from the issuance of this decision, San Diego Gas & Electric Company shall file a Tier One Advice Letter to implement the authority granted herein. The tariff sheets filed in the Advice Letter shall be effective on or after the date filed, subject to the Commission's Energy Division determining the tariff sheets are in compliance with this decision.
5. All rulings issued by the assigned Commissioner and Administrative Law Judge (ALJ) are affirmed herein; and all motions not specifically addressed herein or previously addressed by the assigned Commissioner or ALJ, are denied.
6. The prepared testimony of San Diego Gas & Electric Company, consisting of the public and confidential versions of Exhibits SDG&E-1 through -8 is received into evidence.

7. The prepared testimony of the Public Advocates Office consisting of the public and confidential versions of Exhibit Public Advocates -1 is received into evidence.

8. San Diego Gas & Electric Company's (SDG&E) request to treat as confidential and seal portions of the evidentiary record, in particular, Exhibits SDG&E-1C, -2C, -3C, and -4C, submitted with SDG&E's Application on June 1, 2018, is approved. The documents placed under seal shall remain under seal for the applicable period of time set forth in the Confidentiality Matrix in Decision (D.) 08-04-023 and D.06-06-066. During this period, this information will remain under seal and confidential, and shall not be made accessible or disclosed to anyone other than the Commission staff or on the further order or ruling of the Commission, assigned Commissioner, the assigned Administrative Law Judge (ALJ), the Law and Motion ALJ, the Chief ALJ, or the Assistant Chief ALJ, or as ordered by a court of competent jurisdiction. If SDG&E believes that it is necessary for this information to remain under seal for longer than three years, SDG&E may file a new motion stating the justification of further withholding of the information from public inspection. This motion shall be filed at least 30 days before the expiration of today's limited protective order.

9. The Public Advocates Office request to treat as confidential and seal portions of the evidentiary record, in particular, Exhibit -1C, submitted November 1, 2018 is approved. The documents placed under seal shall remain under seal for the applicable period of time set forth in the Confidentiality Matrix in Decision (D.) 08-04-023 and D.06-06-066. During this period, this information will remain under seal and confidential, and shall not be made accessible or disclosed to anyone other than the Commission staff or on the further order or ruling of the Commission, assigned Commissioner, the assigned Administrative

Law Judge (ALJ), the Law and Motion ALJ, the Chief ALJ, or the Assistant Chief ALJ, or as ordered by a court of competent jurisdiction. If the Public Advocates Office believes that it is necessary for this information to remain under seal for longer than three years, the Public Advocates Office may file a new motion stating the justification of further withholding of the information from public inspection. This motion shall be filed at least 30 days before the expiration of today's limited protective order.

10. Application 18-06-002 is closed.

This order is effective today.

Dated June 13, 2019, at Sacramento, California.

MICHAEL PICKER

President

MARTHA GUZMAN ACEVES

CLIFFORD RECHTSCHAFFEN

GENEVIEVE SHIROMA

Commissioners

Commissioner Liane M. Randolph, being
necessarily absent, did not participate.